



Report of the Audit Committee of Tata Chemicals Limited

Members:

Mr. Nasser Munjee	Chairman
Mr. R. Gopalakrishnan	Member
Dr. Yoginder K. Alagh	Member
Mr. Eknath A. Kshirsagar	Member

Background:

The Board of Directors of Tata Chemicals Limited (TCL or The Company) at its meeting held on February 8, 2013 had approved the Draft Scheme of Amalgamation ('Draft Scheme') of Homefield International Pvt. Ltd (HIPL), (Mauritius), a wholly owned subsidiary of the Company with the Company, as per the terms and conditions mentioned in the Draft Scheme with an Appointed Date of April 1, 2013.

Recently, SEBI vide its circular No. CIR/CFD/DIL/5/2013 ('the Circular') dated February 4, 2013 has amongst other requirements sought a report from the Audit Committee of the listed entity recommending the Draft Scheme taking into consideration, inter alia, the valuation report.

In view of the above Circular, members of the Audit Committee of the Company ('the Committee') discussed and approved the proposed merger at the Audit Committee Meeting held on March 25, 2013 and have made this report, after perusing the following necessary documents:

- Draft Scheme of Amalgamation;
- Certificate obtained from the statutory auditors of the Company i.e. Deloitte Haskins & Sells, on the accounting treatment prescribed in the Clause 24(i) of the Listing Agreement;

This report of the Audit Committee is made in order to comply with the requirements of the Circular.

Proposed Scheme of Amalgamation:

The Committee noted that the salient features of the Scheme were as under:

Rationale for merger

- A. Rationalizing multiple foreign subsidiaries in the group to ensure optimised legal entity structure more aligned with the business by reducing the number of legal entities and reorganising the legal entities in the group structure so as to obtain significant cost savings and/or simplification benefits;
- B. Significant reduction in the multiplicity of legal and regulatory compliances required at present to be carried out by HIPL and TCL;
- C. Duplication of administrative functions and multiple record-keeping will be eliminated, thereby eliminating duplication of effort and also resulting in reduced expenditure.



The Committee took note of the fact that a valuation report is not applicable since HIPL is a wholly owned subsidiary of the Company and the entire share capital of HIPL is held by TCL. Hence, no shares of TCL will be issued and allotted in lieu or exchange of the shares of HIPL.

The Committee noted that the Company has obtained a certificate from the statutory auditors providing comments on the accounting treatment prescribed in the Scheme.

Recommendations of the Audit Committee:

The Audit Committee recommends the Draft Scheme, which has also been approved by the Board of Directors of the Company on February 8, 2013 and by the Audit Committee on March 25, 2013, for favourable consideration by the Stock Exchanges and the Securities and Exchange Board of India.



Nasser Munjee

Chairman of the Audit Committee

Date: March 25, 2013

Place: Mumbai